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EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

ANNUAL FINANCIAL REPORT

December 31, 2006

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/29/07

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

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To the Board of Directors
Emergency Aid Center
Franklin, Louisiana

We have compiled the accompanying statement of financial position of the Emergency Aid Center (a non-profit organization) as of December 31, 2006, and the related statements of activities, functional expenses and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying 2006 financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

The financial information for the year ended December 31, 2005, was audited by other accountants who have ceased operations, and they expressed an unqualified opinion on them in their report dated June 12, 2006, but they have not performed any auditing procedures since that date.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Franklin, Louisiana
June 20, 2007

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
December 31, 2006 (Unaudited) and 2005 (Audited)

ASSETS	<u>2006</u>	<u>2005</u>
Current Assets:		
Cash in bank	\$ 31,827	\$ 23,656
Property and equipment (net)	<u>5,143</u>	<u>6,833</u>
Total assets	<u>\$ 36,970</u>	<u>\$ 30,489</u>
LIABILITIES AND NET ASSETS		
Accrued expenses	\$ 634	\$ 453
NET ASSETS		
Unrestricted	<u>36,336</u>	<u>30,036</u>
Total liabilities and net assets	<u>\$ 36,970</u>	<u>\$ 30,489</u>

See accompanying notes and accountant's report.

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2006 (Unaudited) and 2005 (Audited)

	<u>2006</u>	<u>2005</u>
UNRESTRICTED NET ASSETS		
Support		
Business Organizations	\$ 2,033	\$ -
Churches	6,998	7,217
Individuals	5,471	29,047
Local parish governments	<u>10,400</u>	<u>5,400</u>
Total unrestricted support	24,902	41,664
 Net assets released from restrictions		
Restrictions satisfied by payments:		
United Way Services funding for the year	34,500	25,384
FEMA funding for the year	<u>10,537</u>	<u>11,000</u>
Total unrestricted support and reclassifications	<u>69,939</u>	<u>78,048</u>
 Expenses		
Program services	52,540	53,653
General supporting services	<u>11,099</u>	<u>10,649</u>
Total expenses	<u>63,639</u>	<u>64,302</u>
 Increase in unrestricted net assets	6,300	13,746
 Net assets, beginning of year	<u>30,036</u>	<u>16,290</u>
 Net assets, end of year	<u>\$ 36,336</u>	<u>\$ 30,036</u>

See accompanying notes and accountant's report.

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2006 (Unaudited)

	Program Services	General Supporting Services	Total
Specific assistance to individuals			
Food	\$ 3,525	\$ -	\$ 3,525
Shelter	7,929	-	7,929
Utilities	7,092	-	7,092
Other	591	-	591
Total assistance	<u>19,137</u>	<u>-</u>	<u>19,137</u>
Other expenses			
Salaries	16,425	6,075	22,500
Payroll taxes	1,257	465	1,722
Professional fees	3,000	-	3,000
Office supplies	401	149	550
Telephone	948	351	1,299
Occupancy	5,455	2,018	7,473
Repairs & maintenance	333	-	333
Miscellaneous	66	-	66
Insurance	4,284	1,585	5,869
Total other expenses	<u>32,169</u>	<u>10,643</u>	<u>42,812</u>
Total expenses before depreciation	51,306	10,643	61,949
Depreciation	<u>1,234</u>	<u>456</u>	<u>1,690</u>
Total expenses	<u>\$ 52,540</u>	<u>\$ 11,099</u>	<u>\$ 63,639</u>

See accompanying notes and accountant's report.

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2005 (Audited)

	Program Services	General Supporting Services	Total
Specific assistance to individuals			
Food	\$ 2,605	\$ -	\$ 2,605
Shelter	9,254	-	9,254
Utilities	5,376	-	5,376
Hurricane relief (food, shelter, supplies)	4,100	-	4,100
Total assistance	<u>21,335</u>	<u>-</u>	<u>21,335</u>
Other expenses			
Salaries	17,648	6,527	24,175
Payroll taxes	1,350	499	1,849
Professional fees	3,000	-	3,000
Office supplies	436	161	597
Telephone	1,088	403	1,491
Occupancy	5,324	1,969	7,293
Repairs & maintenance	498	-	498
Miscellaneous	25	-	25
Insurance	1,268	469	1,737
Total other expenses	<u>30,637</u>	<u>10,028</u>	<u>40,665</u>
Total expenses before depreciation	51,972	10,028	62,000
Depreciation	<u>1,681</u>	<u>621</u>	<u>2,302</u>
Total expenses	<u>\$ 53,653</u>	<u>\$ 10,649</u>	<u>\$ 64,302</u>

See accompanying notes and accountant's report.

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

COMPARATIVE STATEMENTS OF CASH FLOWS
Years Ended December 31, 2006 (Unaudited) and 2005 (Audited)

	<u>2006</u>	<u>2005</u>
Cash Flows From Operating Activities:		
Excess of revenues over expenses	\$ 6,300	\$ 13,746
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities::		
Depreciation	1,690	2,302
Changes in operating assets and liabilities:		
Increase in accrued expenses	<u>181</u>	<u>193</u>
Net cash provided by operating activities	<u>8,171</u>	<u>16,241</u>
Cash Flows from Investing Activities:		
Purchase of equipment	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	8,171	16,241
Cash and cash equivalents, beginning of year	<u>23,656</u>	<u>7,415</u>
Cash and cash equivalents, end of year	<u>\$ 31,827</u>	<u>\$ 23,656</u>

See accompanying notes and accountant's report.

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS
Year ended December 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Emergency Aid Center, Inc. is a voluntary agency that operates a center providing social services to needy families in West St. Mary Parish. The Emergency Aid Center annually assists approximately 1,500 disadvantaged individuals in the community. These individuals make up approximately 600 families, all of which live at or below poverty level. The Center is supported primarily through donor contributions, grants, and the United Way. Approximately 53% and 43% of the organization's normal recurring support for the years ended December 31, 2006 and 2005, respectively, came from allocations from the United Way.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-For-Profit Organizations. Under SFAS No. 117, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property & Equipment

The Emergency Aid Center capitalizes all expenditures for the purchase of property and equipment. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is recorded over the estimated useful lives of the assets using accelerated methods.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended December 31, 2006

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributed Services

The Center receives donated services from a variety of unpaid volunteers who assist the Center in various ways. No amounts have been reflected in the statement of activities for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

The Emergency Aid Center occupies a building that is owned by the St. Mary Parish Government. The parish government does not charge any rent to the Center. The parish's management estimates the approximate fair value of the annual rental to be \$5,400. This amount has been included in the statement of activities as support from local parish governments with a corresponding amount included as occupancy expense.

Functional Expenses

Expenses are charged directly to program or support in general categories based on specific identification.

Income Taxes

The Emergency Aid Center qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity date of less than three months. At December 31, 2006 and 2005, the Emergency Aid Center had all of its funds in checking accounts at local banks.

NOTE 2: CASH

The total cash held by the Center at December 31, 2006 and 2005, includes \$31,827 and \$23,656, respectively, in monies that are covered by deposit insurance provided by the federal government.

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
Year ended December 31, 2006

NOTE 3: PROPERTY & EQUIPMENT

Depreciation of equipment is calculated using accelerated methods over the estimated useful lives of the assets. The cost of such assets at December 31, 2006 is as follows:

	Balance 2005	Purchases/ (Dispositions)	Balance 2006
Office furniture & equipment	\$ 12,962	\$ -	\$ 12,962
Building improvements	9,708	-	9,708
	22,670	-	22,670
Less: accumulated depreciation	(15,837)	(1,690)	(17,527)
Total	\$ 6,833	\$ (1,690)	\$ 5,143

Depreciation expense for the year ended December 31, 2006 is \$1,690.

INFORMATION REQUIRED BY THE
LOUISIANA GOVERNMENTAL AUDIT GUIDE

SCHEDULE 1

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended December 31, 2006

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
A-1	1993	Inadequate Segregation of Accounting Functions	Partially	See Management's Corrective Action Plan (Schedule 2)

EMERGENCY AID CENTER
FRANKLIN, LOUISIANA

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR
CURRENT YEAR FINDINGS
Year ended December 31, 2006

Ref. No.	Description of Findings
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Section 1 - Internal Control and Compliance Material to the Financial Statements:

A-1 Inadequate Segregation of Accounting Functions:

Condition: The Center's accounting system does not provide for adequate segregation of duties in the areas of cash receipts and cash disbursements.

Criteria: Internal controls should be in place to provide reasonable assurance that funds are not misappropriated and that the Center is in compliance with rules and regulations.

Effect: Because of the inadequate segregation of accounting functions, the Center could be placing themselves at risk for misappropriation of funds.

Recommendation: The Center has made several attempts to segregate some of the accounting functions. The limited funding by the United Way only allows for the employment of one full-time director or two part-time co-directors. The director and a board member volunteer maintain all accounting functions. The director pays the bills and makes bank deposits. The board member volunteer reconciles the bank statements and inputs the cash receipts and disbursements into the computer system. These reports are then used to prepare the monthly reports that are required to be filed with United Way. Both the director and the board member volunteer review these reports for completeness and accuracy. Due to the limited number of personnel, all pertinent accounting functions cannot be segregated. Based on the size of the operation and the cost-benefit of adding personnel, it may not be feasible to achieve complete segregation of duties.

Response: The Board of Directors is aware of this finding and they realize complete segregation of duties is not possible in this small organization. With this fact in mind they carefully review all of the cash receipts and disbursements at their monthly board meetings. They also review the reports that are filed with the United Way. The board asks questions of the director to ensure that they are completely informed of all financial data. This is the best that can be done at this time.